

STATE OF DELAWARE  
DEPARTMENT OF FINANCE  
DIVISION OF REVENUE  
601 DELAWARE AVENUE  
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 72-32

March 6, 1972

PERSONAL INCOME TAX

- Itemized Deductions

Only those taxpayers who have itemized their deductions on the Federal return have the option to itemize deductions on the State return. The total itemized deductions is recorded on Line A of Schedule 2 of the State return. This is the total from Schedule A of Form 1040.

Included on Schedule A of Federal Form 1040 is a deduction for State income taxes. The amount of this deduction must be subtracted from the total itemized deductions.

For those taxpayers who have been generous last year and have contributions in excess of 20% of Delaware Adjusted Gross Income, Line 5, the excess amount must be subtracted on the next line.

It is quite possible that in the case of nonresidents and partial year residents that their contributions may be in excess of 20% of Delaware Adjusted Gross Income. The nonresident and partial year resident may have excluded a part of his income as not taxable in Delaware and, therefore, his Delaware Adjusted Gross income would be much lower than on his Federal return.

FOR EXAMPLE:

Assume the nonresident or partial year resident had Federal Adjusted Gross income of \$20,000 of which \$10,000 was taxable in Delaware. During the year his contributions were \$3,000. As 20% of Delaware Adjusted Gross Income \$10,000 (Line 5) is \$2,000 the excess amount or \$1,000 would be subtracted.

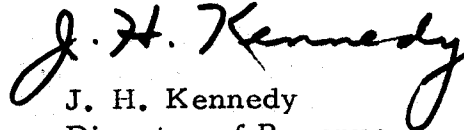
The State taxes deducted and excess contributions are subtracted from Line 1 of Schedule 2 to determine the allowable net itemized deductions.

On the resident Form 200 the net amount is also entered on Line 7 (B) on the face of the return.

On the nonresident return Form 200NR and partial year resident Form 200PY the taxpayer is entitled to a proration of the total itemized deductions at the same percentage as the proration percentage as

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determined on the face of the return. He multiplies the net itemized deductions by this percentage and the result is entered on Line 7 (B) of the applicable return.

  
J. H. Kennedy  
Director of Revenue

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